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IN THE
SUPREME COURT OF THE UNITED STATES

SANDOZ INC.,
Petitioner,

v.

AMGEN INC. AND AMGEN MANUFACTURING LIMITED
Respondents.

AMGEN INC. AND AMGEN MANUFACTURING LIMITED,
Cross-Petitioners,

v.

SANDOZ INC.,
Cross-Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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BRIEF OF AMICUS CURIAE BIOTECHNOLOGY INNOVATION ORGANIZATION IN SUPPORT OF RESPONDENTS

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INTEREST OF AMICUS CURIAE

The Biotechnology Innovation Organization ("BIO") is the principal trade association representing the biotechnology industry in all fifty states and abroad. BIO has more than 1,000 members, including businesses, biotechnology centers, and academic institutions.[1]

BIO members undertake research and development of biotechnological health care, agricultural, environmental, and industrial products, including innovative life-saving drugs as well as biosimilars. BIO's members range from Fortune 500 companies to research universities and small start-up companies. The majority of BIO's corporate members are development-stage companies that have yet to bring their first commercial product to market.

As one of the leading proponents for the creation of a biosimilar approval pathway that also maintained incentives for continued innovation, BIO

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[1] This brief reflects the prevailing views of BIO's members, but not necessarily the views of any individual member. The views expressed herein should not be attributed to BIO members Amgen Inc. or Novartis, the parent of Sandoz Inc. Neither Novartis, any party, nor counsel for a party authored this brief in whole or in part, and no monetary contribution to its preparation or submission was made by anyone other than BIO or its counsel. The consents of Petitioner and Respondents are being lodged with the Clerk of the Court concurrently with this brief.

has a strong interest in the proper implementation of this statutory scheme by the courts.

STATEMENT

When Congress enacted the Biologics Price Competition and Innovation Act of 2009 (BPCIA) its aim was to create an approval pathway for biosimilar biological medicines that would balance incentives for innovation with consumer interests. Pub. L. No. 111-148, 124 Stat. 119, 804, §7001(b)(2). The legislation was developed over four years through multiple proposals, hearings, debates, and negotiations. Congress received input from stakeholders having varied and often competing interests. The resulting bipartisan legislation represented a meaningful compromise among such interests, providing a less expensive approval pathway for biosimilars, balanced by effective mechanisms to protect innovators' intellectual property.

In *Amgen v. Sandoz*, however, a panel majority of the Federal Circuit interpreted the BPCIA's patent-dispute-resolution provisions as merely an optional set of procedures, which a biosimilar applicant could invoke or not in its discretion. This construction was contrary to the plain meaning of the text, the purpose

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[2] The BPCIA amended Section 351 of the Public Health Services Act by inserting new subsections (k) and (*l*), codified at 42 U.S.C. §262(k) and (*l*). It also amended the Patent Act, the Declaratory Judgment Act, and the Food, Drug and Cosmetics Act.

of the legislation, and the intent of Congress. As an active participant in Congressional negotiations and legislative developments at every step of the way, BIO is well-positioned to explain the background and history of what became the BPCIA.

A. Creating a Biosimilars Pathway.

In the early 2000s, the only regulatory pathway for generic medicines was under the Hatch-Waxman Act,[3] which authorized approval of generic versions of previously-approved drugs based on an Abbreviated New Drug Application (ANDA). Under this pathway, the generic manufacturer could rely on the innovator's prior FDA approval to establish the safety and efficacy of the generic drug, greatly reducing research and development costs and allowing it to offer products at lower prices. *See* 21 U.S.C. §355(j). By statute, these provisions applied only to products containing the "same" active ingredient as the originally approved drug. 21 U.S.C. §355j(2)(ii)(i).

This requirement effectively precluded the use of the ANDA pathway for approval of "generic" versions of biologics. Biologics are biomolecules that are produced in living organisms through recombinant DNA technology. Manufacturers use a wide variety of technologies to produce biologics. They make them in different cell lines derived from different species, they use different techniques to

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[3] The Drug Price Competition and Patent Term Restoration Act, Pub. L. No-98-417, 98 Stat. 1585 (1984), codified at 21 U.S.C. §355.

insert genetic material into the cells, they employ proprietary expression systems to produce biologics in high volume, they grow the cells in unique culture media, they utilize different purification techniques, and more. The choices they make, and the dissimilarities among the manufacturing processes they employ, invariably affect the structural and functional properties of the final product. As a consequence, no two biologics could be expected to have the "same" active ingredient, as required by Hatch-Waxman's ANDA pathway.

In 2006, Congress began considering legislation to authorize the marketing of "biosimilars"—biological medicines that are highly similar to (though not the same as) previously approved biologics. One of the key issues Congress faced in creating this new approval pathway was to ensure an effective mechanism for resolving the complex patent issues that might affect the timing of when a biosimilar manufacturer could begin commercial marketing of a new biosimilar product in the United States.

B. Borrowing from Hatch-Waxman, But No Orange Book.

As a starting point for designing patent provisions in biosimilars legislation, Congress borrowed from the Hatch-Waxman Act. There, Congress had created a special procedure for resolving disputes over the validity and infringement of an innovator's patents prior to a generic product's market entry. This process required the holder of the New Drug Application (NDA) for a previously-

approved drug (the "sponsor") to submit information to the FDA identifying all patents claiming the drug or a method of using the drug, "and with respect to which a claim of patent infringement could reasonably be asserted" against a person who manufactured, used, or sold it. 21 U.S.C. §355(b)(1), (c)(2). The FDA was charged with publishing this information in a listing that has come to be called "the Orange Book." *Id.* at §355(j)(7)(A)(iii).

With respect to each Orange-Book-listed patent, a generic applicant was required to certify either the patent's expiration date, or that, in the applicant's opinion, the patent was invalid or would not be infringed by the manufacture, use, or sale of the proposed generic drug (a so-called Paragraph IV certification). *Id.* at §355(j)(2)(A)(vii)(IV). If the applicant made a Paragraph IV certification as to any listed patent, it was required to send the sponsor written notice explaining why each unexpired patent identified in the notice was invalid or not infringed. *Id.* at §355(j)2(B)(iii)-(iv). If the applicant did not provide a Paragraph IV certification as to one or more listed patents, the FDA would postpone approval of the drug until the patents expired.

If the applicant provided a Paragraph IV certification and the sponsor wished to sue on a listed patent, it was required to bring suit within 45 days after the notice. *Id.* at §355(j)(5)(B)(iii). If it did, FDA approval of the generic would be stayed automatically for 30 months to permit resolution of the patent issues. *Id.*

These provisions represented a compromise between innovators and generics. Importantly, they served to minimize the risk of marketplace confusion and disruption to patients and clinicians that would result if patent disputes were not resolved prior to the generic's commercial launch. If they were not, a generic might enter the market but then be sued for patent infringement, and a court would have to decide whether the generic product should be withdrawn. *See Hearing Before the Subcommittee on Courts and Competition Policy,* July 14, 2009 at 105-107 (BIO) (explaining therapeutic disruption and business uncertainty for both sponsors and applicants resulting from judicial determination of patent infringement by prematurely-launched biosimilar).

When Congress began crafting biosimilars legislation, it again undertook to fashion a procedure to assure timely resolution of patent disputes. The goals were to (i) avoid delaying biosimilar market entry due to patent litigation; (ii) provide certainty to applicants, sponsors of the previously approved biologic drug (referred to in the BPCIA as the "reference product sponsor"), and the public; and (iii) protect the intellectual property rights of patent owners, to preserve incentives for developing the next generation of innovative, life-saving therapies. *See Introduction Of The Pathway For Biosimilars Act,* 154 Cong. Rec. E401 (daily ed. March 13, 2008) (Statement of Rep. Eshoo).

Congress recognized, however, that it could not simply adopt the Hatch-Waxman patent-dispute-resolution procedures, including its reliance on the Orange Book, as the mechanism for identifying

relevant patents and litigating disputed ones before biosimilar product launch.[4] That is because both the regulatory approval scheme and the patent landscape for biologics is much more complex. Under the BPCIA pathway, a biosimilar product need not contain the "same" active ingredient as the reference product, it need only be "highly similar" to the reference product and have no "clinically meaningful" differences. BPCIA, §351(i)(2). This means that the biosimilar product might be "similar enough" to qualify for abbreviated approval, but "different enough" to avoid infringing a patent directed to the sponsor's product. This is one reason why patents on manufacturing processes play such a vital role in protecting the biologic innovator's intellectual property.

This created a dilemma: without access to an applicant's FDA submission (its "abbreviated Biologics License Application," or aBLA), and without knowledge of the manufacturing processes an applicant was using, a sponsor would be unable to identify which patents "could reasonably be asserted" against a particular biosimilar (the Hatch-Waxman standard). *See* 21 U.S.C. §355(b)(1). If the sponsor could not identify in advance which patents could

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[4] Neither the generics industry nor the biotechnology industry advocated for an Orange Book listing of biologics patents. The FDA, complaining that its oversight role regarding the Orange Book "can embroil the Agency in litigation," took no position on what provisions should be included to identify relevant patents. *Emerging Health Care Issues: Follow-On Biologic Drug Competition: Hearing Before the Subcomm. on Health of the H. Comm. on Energy & Commerce*, 111th Cong. 245 (2009).

reasonably be asserted against the applicant, how could patent issues be resolved prior to commercial launch of the biosimilar?

C. Designing A New Patent-Dispute-Resolution Procedure.

The BPCIA's solution for identifying relevant patents and litigating them prior to launch of a biosimilar is specified in subsection (*l*), entitled "Patents."

Unlike Hatch-Waxman, subsection (*l*) does not create a public listing of relevant patents, but instead establishes a private information exchange. It begins by requiring that the applicant provide the sponsor confidential access to the applicant's aBLA and information about its manufacturing processes. With the benefit of that information, the sponsor is then required to list all patents that could reasonably be asserted against the biosimilar product. The applicant can then list additional patents it believes could be asserted. Next, the sponsor and applicant exchange contentions regarding validity, enforceability, and infringement of the listed patents. These provisions emerged after a variety of other alternatives were proposed, debated, and rejected.

D. Early Legislative Proposals.

In 2006, Representative Waxman of California and Senator Schumer of New York introduced nearly identical bills, H.R.6257 and S.4016. These bills defined a biosimilars approval pathway and also included patent provisions. The patent provisions

were markedly different from those eventually enacted in the BPCIA.

Most notably, the Schumer/Waxman proposal would have created a mechanism to identify and resolve patent issues that gave the biosimilar applicant the ***option*** whether to initiate the procedure at all. Specifically, at any time, including at the initial stages of development," an applicant "may send a request" for patent information to the sponsor of the reference product. S.4016, §3(16)(A). The sponsor then "shall provide" to the applicant a list of all patents, including licensed-in patents, that the sponsor believes "relate to the reference product." Armed with that information, the applicant "may," but need not, send a notice challenging the validity, enforceability, or infringement of any listed patent.[5] Such notice would trigger a 45-day period for the sponsor to sue for infringement of the listed patent.

Subparagraph 16(E), "Discretion of Applicants," affirmed that under the Schumer/Waxman proposal, the bill's patent procedure was at the option of the applicant:

> A comparable biological product applicant may not be compelled, by court order or otherwise, to initiate the

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[5] *See* Krista Carver, et al., *An Unofficial Legislative History of the Biologics Price Competition and Innovation Act of 2009*, 65 Food and Drug L. J. 671, 722 (2010) ("the applicant could have selected the patents it wished to challenge and could have excluded any others it did not desire to litigate").

> procedures set forth in this paragraph. The decision as to whether to invoke the procedures set forth in this paragraph is left entirely to the discretion of the applicant or prospective applicant.

The Schumer/Waxman proposal reflected the preference of the generics industry that biosimilars legislation allow the resolution of patent issues while the FDA is reviewing the aBLA, but provide for litigating "only those patent disputes that the generic company believes would delay its launch." *See Assessing the Impact of a Safe and Equitable Biosimilar Policy in the United States: Hearing Before the Subcomm. on Health of the H. Comm. on Energy & Commerce*, 110th Cong. 119 (2007) (Barr Pharmaceuticals). Under this concept, patents not selected by the generic company would be litigated only after it "begins marketing," *id.*, a so-called "at-risk" launch.

The Schumer/Waxman proposal's one-sided patent-dispute-resolution mechanism got no traction in the House or the Senate. As Sandoz concedes, it "went nowhere." *See* Opp'n to Cross-Pet. for Writ of Cert.[6] In 2009, over Representative Waxman's objection, the House Energy and Commerce Committee instead reported H.R.1548, introduced by Representative Eshoo. The Eshoo bill, unlike the

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[6] Senator Schumer and Representative Waxman introduced similar bills in 2007 (S.623, H.R.1038) and 2009 (S.726, H.R.1427).

Waxman bill, specified that the applicant "shall provide" the sponsor a copy of the aBLA and relevant manufacturing information. It contained no language like that in the Schumer/Waxman proposal giving the applicant unfettered discretion to invoke the patent procedures.

E. The Bipartisan Senate HELP Committee Bill.

In the Senate, the focus turned to a bill, S.1695, containing very different patent provisions. It was introduced by Senator Kennedy in June, 2007. Unlike the Schuman/Waxman proposal, S.1695 was bipartisan; its co-sponsors included Democrats Kennedy and Clinton, and Republicans Hatch and Enzi (informally known as the "Gang of Four"). These senators worked collaboratively on biosimilars legislation over the next three years, meeting regularly among themselves and with stakeholders.

In September 2009, the HELP Committee reported a comprehensive health care reform bill that included biosimilars legislation substantially identical to S.1695. Carver, 65 Food Drug L.J. at 792-96, 803. The HELP bill was thereafter enacted as Subtitle A ("Biologics Price Competition and Innovation") of Title VII of the Affordable Care Act.

1. Patent Information Disclosure Requirements

The HELP Committee bill contained elaborate new procedures to identify relevant patents without reliance on an Orange Book. To ensure ample time

for resolving patent disputes, it permitted the applicant to submit its aBLA just four years after FDA approval of the sponsor's reference product, even though FDA approval could not be made effective until twelve years after licensure of the reference product. S.1695, §351(k)(7). To permit the parties to identify the patents that needed to be litigated, it created a private information exchange, the first step of which was requiring the applicant to provide the sponsor confidential access to the applicant's aBLA and manufacturing information. *Id.* at (*l*)(2)(A). The parties then were required to exchange of lists of relevant patents and their patent contentions. These provisions in S.1695 are substantially identical to the patent-dispute-resolution provisions enacted in the BPCIA.

The bill did not include any language to the effect that invoking the procedures was left to the applicant's discretion. The idea of making some of the information exchange permissive had been considered in the drafting of S.1695, but ultimately was discarded. In the summer of 2007, HELP Committee staff solicited comment from stakeholders on alternative "Discussion Drafts" of S.1695. One (No. 7574) gave the sponsor and applicant the ***option*** to notify each other of patents they deemed relevant; another (No. 7645) made those procedures mandatory. *See* Carver at 757. By the time S.1695 was introduced, the drafters had cast aside the optional procedure in Discussion Draft 7574 in favor of the mandatory procedure that appears in the BPCIA. *Id.*

2. Two Phases of Patent Litigation

The HELP Committee bill specified not one, but two phases of pre-launch patent litigation following the information exchange. This approach was unique to S.1695, and was included in the BPCIA.

In brief, after the parties have exchanged their patent contentions, the BPCIA requires negotiations over which listed patents would be the subject of an "Immediate Patent Infringement Action" under §351(*l*)(6)) ("phase-one"). If the parties cannot agree, they are to exchange lists of patents they propose for immediate litigation, subject to an important exception: the applicant has the right to limit the number of patents to be litigated in phase-one to as few as one. §(*l*)(5(B)(ii)(II). All other listed patents are deferred, and, in general, cannot be asserted until a second phase of pre-launch patent litigation. The phase-two litigation is triggered only when the applicant sends the sponsor a "notice of commercial marketing" at least 180 days before the date of first commercial marketing of the licensed biosimilar. *Id.*, §(*l*)(8)(A). *See* S.1695 at 21-24, 26.

This unique procedure represented the HELP Committee's partial accommodation of views advocated by the generics industry. As noted above, the generic manufacturers would have preferred to have the right to choose which patents a sponsor could assert prior to biosimilar market entry and which it could not. *See* 110th Cong. 119 (Barr Pharmaceuticals).

The procedure set out in S.1695 and adopted in the BPCIA gave the applicant significant control over the timing and scope of patent litigation prior to market entry. If it chose to do so, it could limit phase-one litigation to a single patent. It would face the sponsor's assertion of additional patents later, but the applicant could defer phase-two litigation until as late as six months prior to launch. Although the phase-two procedure authorized the district court to grant a preliminary injunction to block market entry, the sponsor had no guarantee the court would do so.

3. Penalty Provisions.

Another feature of the HELP Committee bill (enacted in the BPCIA), was its inclusion of provisions penalizing a party for non-compliance with the patent-dispute-resolution requirements. For example, once the parties narrowed the list of patents for "immediate" litigation, the sponsor had to sue on the listed patents within 30 days, or else its recovery in any later-filed patent suit would be limited to a reasonable royalty. §(*l*)(6); BPCIA, §7002(c)(1)(B), 35 U.S.C. §271(e)(6)(A) and (B). Also, if the sponsor failed to identify a relevant patent in its original patent list, the sponsor would forfeit the right to assert the patent at all in a BPCIA infringement suit against the biosimilar product. *See* 35 U.S.C. §271(e)(6)(C).

The HELP Committee bill also addressed the possibility that an applicant might fail to comply with its obligations, such as the requirement of providing confidential access to its aBLA and manufacturing information. Such failure would give the sponsor the right to sue immediately for a declaration of patent

infringement on certain listed patents. §(*l*)(9)(C). These provisions created incentives for both parties to comply with the BPCIA's requirements, minimizing the need for judicial intervention to enforce them.

SUMMARY OF ARGUMENT

1. The information disclosure requirement in §(*l*)(2)(A) of the BPCIA is mandatory. It is the critical first step in an integrated patent-dispute-resolution process applicable to any manufacturer electing to take advantage of the BPCIA's abbreviated regulatory pathway for biosimilars. When Congress directed that a biosimilar applicant "shall provide" its application and manufacturing information to a reference product sponsor, it chose those words carefully, and it meant what it said. The BPCIA's information disclosure requirement must be enforced as written, else the carefully crafted balance achieved by the legislation will be upended.

2. Subsection (*l*)(8)(A) of the BPCIA likewise is mandatory. It is the triggering mechanism for phase-two litigation, creating a minimum six-month window during which a sponsor can assert all relevant patents and seek a preliminary injunction to block biosimilar market entry. The 180-day notice cannot be sent before FDA approval, both as a matter of statutory language and because until then the biosimilar product, its manufacture, and its intended uses remain subject to change. This requirement does not necessarily extend the sponsor's 12 years of data exclusivity for newer products, because there is nothing to preclude the FDA from issuing tentative approval, thereby satisfying the predicate for a 180-

day notice, before such approval becomes effective at the end of the 12-year period.

ARGUMENT

I. THE FEDERAL CIRCUIT MISINTERPRETED THE BPCIA IN HOLDING THAT A BIOSIMILAR APPLICANT COULD ELECT NOT TO DISCLOSE ITS APPLICATION AND MANUFACTURING INFORMATION.

The Federal Circuit's decision fundamentally misinterpreted 42 U.S.C. §262(*l*)(2)(A) as merely one step in an ***optional*** patent-dispute-resolution procedure that a biosimilar applicant could choose to invoke or not. The text of the disclosure requirement, the statutory context in which it appears, the structure of the BPCIA as a whole, and the legislative history and purpose all show the contrary.

A. The Plain Meaning of "Shall Provide" is that the Applicant's Disclosure Obligation is Mandatory.

In drafting the disclosure requirement set forth in §(*l*)(2)(A), Congress chose familiar words with a familiar meaning. By using the words "shall provide," Congress expressed its clear intent that the applicant's disclosure be mandatory. As this Court recently observed:

> Unlike the word "may," which implies discretion, the word "shall" usually connotes a requirement. Compare

> *Lexecon Inc.* v. *Milberg Weiss Bershad Hynes & Lerach*, 523 U. S. 26, 35 (1998) (recognizing that "shall" is "mandatory" and "normally creates an obligation impervious to judicial discretion"), with *United States* v. *Rodgers*, 461 U. S. 677, 706 (1983) (explaining that "[t]he word 'may,' when used in a statute, usually implies some degree of discretion").

Kingdomware Techs. Inc. v. United States, 136 S. Ct. 1969, 1977 (2016) (internal citations omitted)

In this case, Congress made its intent doubly clear, using "shall" in juxtaposition with the word "may" in the very same paragraph. 42 U.S.C. §262(*l*)(2)(B). *See Life Tech. Corp. v. Promega Corp.*, (S. Ct. 2017) (slip op. at 5), citing *United States v. Williams*, 553 U.S. 285, 294 (2008) ("[A] word is given more precise content by the neighboring words with which it is associated.") To give meaning to Congress's word choice, there must be a difference between §(*l*)(2)(A) and §(*l*)(2)(B): the first is mandatory, the second is permissive. *See Anderson v. Yungkau*, 329 U.S. 482, 485 (1947) ("[W]hen the same Rule uses both 'may' and 'shall', the normal inference is that each is used in its usual sense—the one act being permissive, the other mandatory."); *Lopez v. Davis*, 531 U.S. 230, 241 (2001) ("Congress' use of the permissive 'may' in §3621(e)(2)(B) contrasts with the legislators' use of a mandatory 'shall' in the very same section.") The Court's inquiry could properly end here. *Barnhart* v. *Sigmon Coal Co.*, 534 U. S. 438, 450 (2002); *King v. Burwell*, 135 S. Ct. 2480,

2489 (2015) ("If the statutory language is plain, we must enforce it according to its terms.")

B. The BPCIA's Structure as a Whole, and the Role that §(2)(A) Plays Within It, Confirm the Plain Meaning of the Text.

The plain meaning of "shall provide" is reinforced when the words are considered in the context of the BPCIA's patent provisions as a whole. The entirety of subsection (*l*) of the BPCIA is a coherent step-by-step process for resolving patent disputes prior to commercial marketing of the biosimilar. Allowing biosimilar applicants to "opt out" of their disclosure obligation would defeat the essential purpose of the patent-dispute-resolution scheme.

The BPCIA's disclosure requirement is the critical first step in the required process. As discussed above, Congress deliberately departed from the approach used in Hatch-Waxman. Under Hatch-Waxman, the universe of patents a sponsor can list and assert pre-launch are only those that cover its own drug or use of the drug, 21 U.S.C. §355(b)(1). This means they can be identified by the sponsor without needing access to any information from the applicant.

By contrast, under the BPCIA, the sponsor must list all patents that "could reasonably be asserted" on account of the applicant's making, using or selling the biosimilar product. 42 U.S.C. §262(*l*)(3)(A). The sponsor's ability to create this list depends on its access to information describing the biosimilar product, its properties, and the processes

by which it is manufactured. If the applicant were free to withhold that information, there would be no way a sponsor could know what patents can and should be litigated pre-launch, and the BPCIA's patent-dispute-resolution scheme would fail to accomplish its purpose.

Under the Federal Circuit's interpretation, there is no assurance that any patent disputes will be resolved prior to market entry. The FDA does not disclose the filing of an application; the statute relies on the applicant to contact the sponsor and provide confidential access to its application once the FDA accepts it for review. If the applicant has discretion to "opt out" of the subsection (*l*) procedures, it could avoid making any disclosure to the sponsor and simply launch at risk immediately after FDA approval.

The gamesmanship that this interpretation encourages would be compounded if the applicant could also "opt-out" of the 180-day-notice of commercial marketing required by §(*l*)(8)(A), as Sandoz urges. If Sandoz were right, the sponsor might not learn of the launch date until the day the biosimilar manufacturer announces it. The sponsor would then have to scramble to seek a preliminary injunction pursuant to 35 U.S.C. §§271(a) and 283 after commercial sales have already begun.

The BPCIA was designed as an abbreviated pathway, not a speedway for "at-risk" launches of biosimilars. Congress scarcely envisioned that the rollout of a new biosimilar product would be accompanied by the sponsor's emergency motion for

an order blocking commercial sales, filed under extreme time pressure and (assuming the applicant also "opted-out" of §(*l*)(2)(A)), with little or no information about the biosimilar product or its manufacture on which to base a claim of patent infringement.

This is not the orderly presentation and resolution of patent disputes that the BPCIA was meant to ensure. Other provisions of the statute underscore Congress's purpose. While the BPICA prohibits the FDA from effectuating its approval of a biosimilar product until 12 years after the reference product was first licensed, it allows the applicant to file its application just 4 years after such licensure. This lengthy period between filing of the application and market entry of the product was designed to provide ample time for the parties to litigate and resolve patent disputes prior to product launch.

Not only is the information disclosure requirement critical to the identification of relevant patents, it is also vital to the sponsor's ability to assert them. *See Biologics and Biosimilars: Balancing Incentives for Innovation: Hearing Before the Subcomm. on Courts & Competition Policy of the H. Comm. on the Judiciary*, 111th Cong. 208 (2009), (AIPLA Testimony) (opposing the Waxman bill because "the reference product holder has no ability under [its] terms to obtain information sufficient to provide a good faith basis to make infringement allegations under Rule 11 of the Federal Rules of Civil Procedure"). In short, absent mandatory information disclosure, the patent-dispute-resolution mechanism in the BPCIA simply would not work.

C. The Background and History of the BPCIA Bolster the Natural Reading of §(*l*)(2)(A).

Any uncertainty as to the meaning of §(*l*)(2)(A) falls away when the history of the legislation is considered. *See Life Technologies*, slip op. at 10 (interpreting 35 U.S.C. §271(f) and explaining that "[t]he history of § 271(f) bolsters our conclusion"). The members of the Senate HELP Committee who drafted the Senate bill enacted as the BPCIA were keenly aware of the difference between permissive information-exchange procedures invoked at the discretion of a party and mandatory information-exchange procedures. They carefully and mindfully chose the latter.

The evolution of biosimilars legislation shows that if Congress had wanted to give applicants discretion as to whether to invoke statutory patent-dispute-resolution procedures, it knew how to do so. *See, e.g.*, S.4016, §3(16)(A), (B), and (E) (providing that the decision whether to invoke these procedures was left "entirely to the discretion of the applicant"), discussed at pp. 8-10, *supra*. No such language was included in the BPICA.

Congress clearly knew the difference between "shall provide" and "may provide." As discussed above, in 2007 the Senate HELP Committee staff circulated for comment alternative Discussion Drafts of what became S.1695: one made the exchange of

patent lists optional for both parties, while another made the exchange mandatory. *See* p. 12, *supra*.[7]

A bipartisan consensus of the HELP Committee's members concluded that a mandatory patent-dispute-resolution procedure would best effectuate the goals of the legislation while balancing competing interests of stakeholders. Biosimilar manufacturers always had the option of submitting a full Biologics License Application supported by clinical data establishing safety and efficacy of their own biological product. But if they elected to take advantage of the subsection (k) abbreviated pathway, they had to accept both the benefits and the burdens.

The benefits to a biosimilar applicant were many. Using the subsection (k) pathway would save them hundreds of millions of dollars in clinical development costs. In addition, the new patent-dispute-resolution provisions allowed them to resolve patent issues before commercial launch, minimizing patent risk without the downside of Hatch-Waxman's 30-month stay of FDA approval. The procedure forced sponsors to list, for the benefit of applicants, all patents that could reasonably be asserted against the

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[7] The Senate HELP Committee did not produce a report on the proposed biosimilars legislation, but the House Committee on Energy and Commerce did, as part of its report on comprehensive health care reform legislation. The House Report characterized the biosimilar patent provisions as "establish[ing] new processes for identifying patents that might be disputed" and "a multistep patent resolution process." H.R. Report 111-299, pt. 1, at 742 (2009). The Report did not suggest that any part of this process was left to the applicant's discretion.

biosimilar, including manufacturing process patents, another advantage over Hatch-Waxman. In addition, unlike Hatch-Waxman, the BPCIA required that sponsors provide applicants, in advance of any litigation, their infringement and validity contentions as to all listed patents, enabling the applicant to make an informed choice about what patents it might challenge. And the BPCIA gave applicants significant control over the timing and scope of patent litigation, including the right to limit the sponsor to asserting only one patent in phase-one litigation.

In its briefing below, Sandoz complained that the BPCIA's patent-dispute-resolution procedure would take too long; it preferred the expediency of immediate litigation because Amgen's exclusivity period for the reference product had expired. Def.-Appellee Br. at 13, 35-36, *Amgen Inc. v. Sandoz Inc.*, 794 F.3d 1347 (Fed. Cir. 2015). But this is a short-term issue. For newer reference products, biosimilar applicants will have the opportunity to submit their applications, and thereby trigger the BPCIA's patent-dispute-resolution process, years before the exclusivity period ends. In view of the many advantages the process provides to applicants, it is unlikely that Sandoz's timing concern in this case will present a recurring problem for future applicants.

The BPCIA's patent-dispute-resolution mechanism was meant to benefit sponsors as well. Importantly, it gave them access to information about the biosimilar product and its manufacture, as was needed to allow them to enforce their patents, including manufacturing patents, prior to biosimilar market entry. The statute thus provided a means to

protect sponsors' intellectual property and avoid the market disruption and uncertainties that would come with at-risk launches of biosimilars.

The Federal Circuit's decision unfairly shifts the benefits of the patent provisions to applicants. As Judge Newman wrote below in dissent, "[t]he BPCIA reflects an explicit balance of obligations and benefits. When a beneficiary of the statute withholds compliance with provisions enacted to benefit others, the withholder violates that balance." Pet. App. 40a.

D. By Specifying One Consequence of an Applicant's Non-Compliance with the BPCIA's Patent-Dispute-Resolution Procedures, Congress Did Not Thereby Confer on Applicants the Right to "Opt Out" of Them.

While the panel majority acknowledged the plain meaning of "shall provide," it decided that an applicant could elect to ignore §(*l*)(2)(A) because the legislation specified "consequences" for such failure. Pet. App. 15a. The panel misread the applicable provisions and misunderstood their purpose.

The Federal Circuit mistakenly treated 35 U.S.C. §271(e)(2)(C)—the creation of an artificial act of infringement to permit suit—as a remedy for an applicant's failure to disclose the required information under §(*l*)(2)(A). It does no such thing. Section 271(e)(2)(C) specifies that the act of infringement is submission of the application, not the applicant's failure to satisfy its disclosure obligation;

indeed, by that point in the process, the artificial act of infringement has already occurred.

The reference to §(*l*)(2)(A) in §271(e)(2)(C)(ii) was necessary because for patent litigation to proceed, the artificial act of infringement must be tied to specific patents. Ordinarily, once the applicant has provided the §(*l*)(2)(A) information, the sponsor will have created a patent list, and §271(e)(2)(C)(i) will permit the sponsor to assert its listed patents, either in phase-one or phase-two. But where the sponsor never had access to the applicant's information and therefore could not be expected to have prepared a patent list, §271(e)(2)(C)(ii) provides a back-up. It defines the universe of patents that the sponsor can assert pre-launch as those that could have been identified had it created such a list. This is not a ***remedy*** for failure to provide the §(*l*)(2)(A) information; in no way does it redress that omission.

For the same reason, the Federal Circuit erred when it read §271(e)(4) as providing the "only remedies" for an applicant's failure to provide its application and manufacturing information. That section refers to the "only remedies" that may be granted for the artificial "act of infringement"—remedies like delaying approval, enjoining sales, etc.—but, as explained, an applicant's failure to provide the §(*l*)(2)(A) information is not an act of

infringement at all. The Government makes the same mistake. U.S. Br. at 17.[8]

The legislative history helps explain the reason for these provisions. Congress was aware of concerns raised by stakeholders that one or the other party might disregard its information exchange obligations, and it addressed those concerns by inserting various provisions to penalize and discourage non-compliance by either party. *See* pp. 11-14, *supra*. Contrary to the lower court's ruling, at no time in the course of Congress's developing the BPCIA did anyone suggest that including penalties or stating consequences for non-compliance would thereby convert statutory mandates into options. Rather, the provisions were added to give teeth to the statutory requirements, creating disincentives for non-compliance and minimizing the prospect that courts would need to intervene to enforce them.

The Federal Circuit did not cite any authority that a statutory mandate becomes discretionary if

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[8] The Federal Circuit's reasoning is also internally inconsistent. The court described §271(e)(4) as reciting the "only remedies" for non-compliance with §(*l*)(2)(A). Yet it then described the sponsor's right to bring a declaratory judgment action under §(*l*)(9)(C) as an additional remedy for non-compliance. The sponsor's right to sue for a declaratory judgment, moreover, does nothing to remedy the harm of the applicant's non-disclosure: it simply allows the sponsor to seek a declaratory judgment on a subset of its patent, excluding manufacturing patents. Not only are the latter patents often the most valuable, but the applicant's non-compliance with §(*l*)(2)(A) effectively prevents the sponsor from asserting them at all.

Congress specifies consequences for its breach. Innumerable federal statutes impose penalties or sanctions for failing to comply with statutory requirements. Our criminal laws, for example, impose fines and other punishments, yet no one would suggest that this gives the criminal the option to break the law. Similarly, our tax laws provide for penalties and fines, but they do not give taxpayers the option to choose between the penalty and the tax. The list could go on.[9]

Alternatively, the Government argues that there is no "private cause of action" to enforce the BPCIA's mandates. U.S. Br. at 20-24. But there was no reason for Congress to create a special BPCIA cause of action to enforce the patent-dispute-resolution procedures already required by the statute. The first step of information disclosure is essential to fulfilling the statute's purpose, and to allow an applicant to flout the rules would undermine the

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[9] Citing *State Farm Fire & Cas. Co. v. United States ex rel. Rigsby*, 137 S. Ct. 436, 442 (2016), the Government argues that even where a statute creates a mandatory rule, the mandatory language does not furnish Congressional guidance about what consequence should follow. The Government's reliance on *State Farm* is misplaced. This Court there ***agreed*** that Congress's use of "shall" "creates a mandatory rule . . . [the actor] must follow." *Id.* at 442. The Court then rejected petitioner's claim that the consequence of non-compliance was a harsh forfeiture, *id.* at 442-443, and instead interpreted the rule in light of its context and statutory purpose, the same approach that should guide the Court here. *Id.*

entire process created by Congress.[10] The Government concedes that a sponsor has the right under §(*l*)(9)(C) to bring a declaratory-judgment action to establish infringement of certain categories of patents. There is no reason why a district court cannot grant ancillary relief in such an action to compel compliance with §(*l*)(2)(A), whether in the exercise of its inherent equitable power or pursuant to the All Writs Act, 28 U.S.C. § 1651(a), to enable the sponsor to identify *which* patents have been infringed.

II. THE FEDERAL CIRCUIT CORRECTLY HELD THAT THE BIOSIMILAR APPLICANT'S 180-DAY NOTICE OF COMMERCIAL MARKETING AFTER FDA LICENSURE IS MANDATORY.

The Federal Circuit correctly interpreted 42 U.S.C. §262(*l*)(8)(A) as requiring the biosimilar applicant to provide notice of commercial marketing to the sponsor after FDA approval and no later than 180 days before commercial marketing of the biosimilar product. This mandatory notice is the essential trigger for phase-two litigation.

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[10] The applicant's information-disclosure obligation is balanced by strict rules limiting who among the sponsor's attorneys can have access to confidential information, and restricting its use to specified purposes. 42 U.S.C. §262(*l*)(1)(A). Under the Government's theory, an applicant would be unable to obtain judicial relief to enforce the sponsor's confidentiality obligations. Surely this cannot have been Congress's intent.

The first phase of litigation, as discussed above, provided the applicant the ability to limit a sponsor's initial assertion of patents to as few as one. In the second phase, Congress gave the sponsor the right to assert all patents excluded from the first phase, and to seek a preliminary injunction against commercial launch of the biosimilar product based on infringement of any listed patent. As the Federal Circuit recognized, this "provides a defined statutory window during which the court and the parties can fairly assess the parties' rights prior to the launch of the biosimilar product." Pet. App. 21a.

Like the applicant's disclosure obligation, its notice of commercial marketing is integral to the entire patent scheme. Simply put, it is the opening bell for phase-two litigation. Subsection (*l*)(8)(A) must be enforced in accordance with its terms to maintain the careful balance struck by Congress between the interests of innovators and those of biosimilar applicants.

A. The Applicant's 180-Notice of Commercial Marketing is Mandatory.

Subsection 262(*l*)(8)(A) is mandatory: "[the] applicant ***shall provide*** notice to the reference product sponsor not later than 180 days before the date of the first commercial marketing" of the licensed biological product. Sandoz has shown no reason why this Court should override the plain meaning of the text.

For this second phase to work, the timing of the biosimilar's launch must be known to the sponsor. To obtain preliminary injunctive relief, the sponsor bears

the burden of demonstrating "imminent risk of irreparable harm." *See Winter v. NRDC, Inc.*, 555 U.S. 7, 20 (2008) (preliminary injunction requires a clear showing that party is "likely to suffer irreparable harm in the absence of preliminary relief"); *O'Shea v. Littleton*, 414 U.S. 488, 502 (1974) (irreparable harm entails showing "the likelihood of substantial and immediate irreparable injury"). The 180-notice requirement provides the needed certainty and urgency for a court's preliminary injunction analysis.

Subsection (*l*)(8), read as a whole, makes that clear. Subparagraph (8)(B) focuses entirely on the sponsor's right to request a preliminary injunction "prohibiting the [biosimilar] applicant from engaging in the commercial manufacture of sale of such biological product until the court decides the issue of patent validity, enforcement, and infringement." §262(*l*)(8)(B). Subparagraph (8)(C) requires in addition that, should the sponsor seek a preliminary injunction, both parties "shall reasonably cooperate to expedite such further discovery as is needed in connection with the preliminary injunction motion." §262(*l*)(8)(C). The minimum 180-day period from the applicant's notice to the date of commercial marketing was designed as a window within which the sponsor could establish its need for and entitlement to preliminary injunctive relief.

The express provisions of §(*l*)(8), and the context in which they appear, evidence Congress's intent to devise an orderly litigation process, not one that would require a sponsor to race into court on short notice seeking an emergency temporary-

restraining-order when the biosimilar applicant suddenly announces a launch date. As this Court has taught, courts must interpret statutes "'as a symmetrical and coherent regulatory scheme' and 'fit if possible, all parts into an harmonious whole.'" *See FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000).

Congress did not design the BPCIA's patent provisions to facilitate at-risk launch, the timing of which would be known only to the applicant. Rather, Congress sought to "ensure that litigation surrounding relevant patents will be resolved expeditiously and prior to the launch of the biosimilar product, providing certainty to the applicant, the reference product manufacturer, and the public at large." 111th Cong. 9 (statement of Rep. Eshoo).

Sandoz erroneously argues that the 180-notice of commercial marketing cannot be mandatory because there may be instances when there are no listed patents left to litigate in phase-two. Pet'r Br. at 7. This unlikely hypothetical does not justify disregarding the plain meaning of §(*l*)(8). Sandoz overlooks that a patent may be newly issued or exclusively licensed to the sponsor ***after*** the sponsor provides its initial patent list under §(*l*)(3)(A). The BPCIA anticipates this, authorizing the sponsor to include such patents in phase-two litigation so long as it notifies the applicant of them "no later than 30 days after such issuance or licensing." §262(*l*)(8). Thus, even if there were no originally-listed patents remaining to be litigated in phase-two, the 180-day notice still serves an important purpose, giving the sponsor a fair opportunity to investigate the relevance

of later-issued or licensed patents, to decide whether to offer the applicant a license to them, or, if necessary, to seek preliminary injunctive relief based on infringement of any or all such patents.

If Sandoz believes there should be an exception to the required 180-day notice if there are no patents left to litigate in phase-two the answer is not to fault the statute for failing to cover every eventuality, however improbable. Instead, Sandoz should address its argument to Congress and seek amendment of the statute to address its hypothetical concern.

B. The FDA Must Approve the Biosimilar Product Before the Applicant Can Give its Notice of Commercial Marketing.

Subsection (*l*)(8) requires notice of commercial marketing "not later than 180 days before the date of the first commercial marketing of the biological product ***licensed under subsection (k)***." 42 U.S.C. §262(*l*)(8)(A) (emphasis added). The Federal Circuit correctly held that licensure of the biosimilar product was a necessary predicate for the notice of commercial marketing. The court reasoned that if Congress had intended to allow the notice to be sent prior to FDA approval, it would have used the phrase "the biological product that is the subject of" the subsection (k) application to refer to the future marketing of a biosimilar product, as it did in other provisions of the BPCIA. Pet. App. 20a; *see* 42 U.S.C. §262(*l*)(3)(B)(ii)(I), (*l*)(3)(C).

As the lower court explained, "[r]equiring that a product be licensed before notice of commercial

marketing ensures the existence of a fully crystallized controversy regarding the need for injunctive relief." Pet. App. 21a. Until FDA approval of the biosimilar application, the product, its uses (including indications, dosing and route of administration), and the processes by which it is manufactured are subject to change. Without a final product, the sponsor cannot make a fully informed decision about which patents are relevant to a request for preliminary injunctive relief. For this reason, the Federal Trade Commission, in its June 2009 report on biosimilars legislation, recommended against including any pre-approval patent resolution process: "the [applicant's] application and product may also change during the approval process, such that early patent litigation would no longer apply to the approved product. The litigation would be about a 'moving target.'" Fed. Trade Comm'n, *Emerging Health Care Issues: Follow-on Biologic Drug Competition* 55.

If phase-two litigation proceeds before FDA approval, the suit could be premature or even unnecessary. Because the biosimilar launch date could not yet be predicted, a sponsor may be unable to demonstrate an imminent risk of irreparable harm and would have to guess when to seek a preliminary injunction. And if the product, its indications, or its method of manufacture remain subject to change, the sponsor may be unable to demonstrate substantial likelihood of proving infringement.

Sandoz's proposed interpretation of §(*l*)8(B) would undermine the entire two-phase structure of the BPCIA's patent scheme. If FDA approval is not required to permit the sending of a notice of

commercial marketing, what is? Under §(*l*)(8)(A), the required notice must be sent "at least" 180 days before launch. But how long before then can it be sent? Nowhere in Sandoz's brief does Sandoz propose a plausible earlier date for sending the notice and starting phase-two litigation, if not the date of FDA approval. Under Sandoz's theory, an applicant apparently could send notice any time after the FDA accepts the biosimilar application for review. In this case, Sandoz sent a notice of commercial marketing to Amgen ***the day after*** it received notice from the FDA accepting Sandoz's application for review. Pet. App. 8a. Sandoz's purported notice, stating only that marketing would begin after FDA approval, was way too early to be effective notice within the plain meaning and intent of §(*l*)(8).[11]

Plainly, the BPCIA's two-phase structure did not contemplate that the second phase of litigation could begin at (or before) the first phase. But under Sandoz's logic, if notice can be given as soon as the FDA accepts the application for review, then the sponsor would have the right to seek preliminary injunctive relief even before it files its complaint in phase-one litigation. If that were true, there would be no reason for the parties to negotiate the scope of phase-one—nor any reason for a two-phase litigation procedure at all. Instead, all patents that could reasonably be asserted against the as-yet unapproved

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[11] Sandoz appeared to recognize that its first purported notice was premature and ineffective: it gave another notice of commercial marketing to Amgen on the day that the FDA approved Sandoz's product. Pet. App. 8a-9a.

biosimilar product could become the subject of patent litigation as soon as the FDA accepts the biosimilar application for review and the applicant sends a Sandoz-like notice.

Not only would this strained interpretation of the BPCIA eviscerate phase-one under §(*l*)(6), it would undo the entire patent resolution scheme crafted by Congress. The result would be essentially random and unpredictable notices of commercial marketing followed by hurried motions for preliminary injunctions, fomenting litigation chaos and greatly burdening the district courts.

Contrary to the objections of Sandoz and its amici, this Court's holding that the 180-day notice of commercial marketing provision must follow after FDA approval would not necessarily extend the data exclusivity period for all reference products. Br. at 33. As a preliminary matter, for reference products approved more than 12 years ago, the concept of an "extension" is a misnomer, because these products were developed, approved and marketed with no expectation that biosimilar manufacturers could ever rely on the FDA's approval of the sponsor's product to support later approval of a competing product. Here, the 180-day notice "extends" nothing; it merely creates a modest six-month window for patent-dispute-resolution at the most logical time point,

between FDA approval of the biosimilar and its launch.[12]

As for more recently approved reference products, the FDA has yet to address the express distinction the BPCIA draws between "approval" and "effective approval": §(k)(7)(A) states that "*approval*" of a biosimilar application may not be "*made effective*" until 12 years after the reference product was first licensed under a BLA. Logically, then, "approval" can precede "effective approval."

Nothing in the BPCIA precludes the possibility that the FDA could grant approval, allowing an applicant to send its 180-day notice, before expiration of the 12-year period, such that biosimilar launch could occur promptly at the 12-year mark when the approval becomes effective. The statute confers broad authority on the FDA to issue guidances and regulations regarding licensure of a biological product under subsection (k). *See* 42 U.S.C. §262(k)(8). FDA approval prior to the 12-year mark would be akin to "tentative approval" under Hatch-Waxman. *See* 21 U.S.C. §355(j)(5)(B)(iv)(II)(dd). In a case decided after this one, the Federal Circuit suggested this approach:

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[12] Moreover, any alleged six-month "delay" in Sandoz's ability to commercialize its filgrastim product is the consequence of when Sandoz chose to file its abbreviated application. Sandoz waited to file until May 2014, more than four years after Congress created the subsection (k) pathway and long after the 12-year exclusivity period had expired for Amgen's reference product Neupogen®. Pet. App. 8a.

the FDA could "issue a license before the 11.5-year mark and deem the license to take effect on the 12-year date." *Amgen Inc. v. Apotex Inc.*, 827 F.3d 1052, 1062 (Fed. Cir. 2016).

Biosimilar applicants have complete control over when they file their applications. If an applicant submits its application to the FDA sufficiently in advance of the expiration of the reference product's 12-year exclusivity period and any patent disputes are resolved, it will have a chance to launch immediately upon the expiration of the 12-year period, when the FDA's approval becomes effective. The BPCIA's detailed patent-dispute-resolution provisions evidence Congress's intent to encourage early (rather than late) submission of biosimilar applications, so that patent issues would be resolved prior to market launch.

If, on the other hand, a biosimilar applicant submits its application near the end of the 12-year period, refuses to cooperate in the information-exchange process or engages in other calculated behavior to launch its product at risk, that applicant might be unable to launch at the 12-year mark. Such delay would be of the applicant's own making; nothing in the BPCIA guarantees that a biosimilar product can launch on the 12-year date irrespective of whether the applicant filed timely regulatory submissions or complied with the patent-dispute-resolution provisions.

In sum, the timing issue raised by Sandoz is a red herring, an artifact of the transitional period where some reference products, including Amgen's

Neupogen®, are already past their 12-year data-exclusivity period. The BPCIA was drafted with a focus on new and future products. It ought not be construed to solve a short-term inconvenience to Sandoz, but rather so that it works for decades to come. Over time, the six-month "delay" in market entry that biosimilar filgrastim faced will become increasingly rare, as the Federal Circuit recognized in *Amgen v. Apotex*:

> [I]t is implicit in the Biologics Act that any such delay beyond 12 years should occur less and less as time goes by. Doubtless, there will be some exclusivity period beyond 12 years in the early years of the Biologics Act, as biosimilars are introduced for reference products licensed well before the Act was adopted in 2010. But as time passes, more and more reference products will be newer, and a biosimilar-product applicant, entitled to file an application a mere four years after licensure of the reference product, § 262(k)(7)(B), can seek approval long before the 12-year exclusivity period is up.

Apotex, 827 F.3d at 1061-62. The increasingly rare fact pattern in this case cannot justify adopting a tortuous interpretation of §(*l*)(8). The plain meaning of the text requires a biosimilar applicant to give notice of commercial marketing after FDA approval of its product and at least 180 days prior to launch.

CONCLUSION

For the foregoing reasons, this Court should reverse the judgment that 42 U.S.C. §262(*l*)(2)(A) is permissive, and affirm the judgment that 42 U.S.C. §262(*l*)(8)(A) is mandatory and can be sent only after the FDA approves the biosimilar product.

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